

Fiscal Services Division

Legislative Services Agency

Fiscal Note

SF 582 - Performing Arts Building, Sales Tax Exemption (LSB 2872SV)
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Fiscal Note Version - New

Description

Senate File 582 provides a sales tax exemption from the sale of materials and services used in the operation of a nonprofit private performing arts center. The Bill also allows sales tax from the construction materials and services used to build a nonprofit private performing arts center to be refunded upon the completion of an application to the Department of Revenue. The Bill makes the refund provision retroactively applicable to the construction contracts entered into on or after July 1, 2005.

Background

There are currently three projects in the State that would qualify for this sales tax exemption and refund. The qualifying projects (locations) and the estimated amount spent on materials and equipment that are subject to the sales tax refund include:

- Red Oak - \$2.6 million
- Dubuque - \$600,000
- Fairfield - \$4.0 million

The total amount of materials and equipment eligible for the sales tax refund is approximately \$7.2 million.

The number of projects that would qualify under SF 582 in future years is currently unknown.

Assumptions

- The three known eligible projects would submit the sales tax exemption application in FY 2008.
- Assumes that only these three projects will receive the sales tax exemption in FY 2008.
- Assumes the current State sales tax rate of five percent.

Fiscal Impact

The estimated fiscal impact of SF 582 in FY 2008 will be a reduction in General Fund revenues of approximately \$360,000.

There would also be a reduction in local option sales tax of less than \$144,000 statewide in FY 2008 (specific amounts will vary by county).

Estimated Impact in FY 2008:		
State Sales Tax (General Fund Reduction)	\$	360,000
Local Option Sales Tax Reduction Amount	\$	144,000

The impact of SF 582 in FY 2009 and beyond is currently unknown.

Sources

Performing Arts and Education Association (PAEA) of Southwest Iowa
Dubuque Grand Opera House
City of Fairfield, Office of the Mayor
Iowa Department of Revenue
Iowa Department of Cultural Affairs

/s/ Holly M. Lyons

April 9, 2007

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
